



Legislative Research Council

MINUTES

Education Funding Formula Study Committee

Representative Jacqueline Sly, Chair
Senator Larry Tidemann, Vice Chair

Fourth Meeting
2013 Interim
October 21, 2013

Room 414
State Capitol
Pierre, South Dakota

Monday, October 21, 2013

The fourth meeting of the Education Funding Formula Study Committee was called to order by the Chair, Representative Jacqueline Sly, at 10:00 a.m. in Room 414 of the State Capitol in Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Representative Jacqueline Sly, Chair; Senator Larry Tidemann, Vice Chair; Senators Jim Bradford, Jean Hunhoff, Al Novstrup, Billie Sutton, Bill Van Gerpen and Chuck Welke; and Representatives Dan Dryden, Mary Duvall, Don Hagggar, Jenna Hagggar, Anne Hajek, Kathy Tyler, and Mike Verchio.

Staff members present included Clare Charlson, Principal Research Analyst; Annie Mehlhaff, Chief Analyst for Fiscal Research & Budget Analysis; and Traci Thompson, Legislative Secretary.

(NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council (LRC).)

Minutes

REPRESENTATIVE DAN DRYDEN MOVED, SECONDED BY REPRESENTATIVE MARY DUVALL, TO APPROVE THE MINUTES OF THE SEPTEMBER 23, 2013, MEETING. MOTION PREVAILED ON A VOICE VOTE.

Opening Remarks

Representative Jacqueline Sly, Chair, stated that this would be the last meeting of the Education Funding Formula Study Committee. She then reminded the committee members of the three areas of focus which make up the scope of the study:

- (1) The funding formula and how responsive it is to improving graduation outcomes;
- (2) The manner in which technology is affecting education with particular attention to the manner in which it has changed teaching methods; and

- (3) Why certain districts have come to rely on opt-outs from the property tax levy limitations and, similarly, why certain districts have been relying on revenue from their capital outlay funds.

Review and Discussion of Suggested Committee Recommendations

The recommendations submitted by committee members to Representative Sly were compiled and distributed (**Document #1**).

The committee began by discussing the recommendations that had been submitted since the previous meeting.

Since questions were raised at the last meeting about the number of contact hours each school provided, the Department of Education furnished information showing the number of instructional days, instructional minutes, instructional hours, and whether they offered a four-day week for each school for the 2012-2013 school year (**Document #2**) and the number of instructional days listed for each school for the 2013-2014 school year (**Document #3**).

The committee recessed for lunch at 12:03 and reconvened at 1:15.

Public Testimony

Wade Pogany, Associated School Boards of South Dakota, stated that he would like the committee to focus on three main issues. He would like to see legislation brought forward that would afford school districts the benefit of long-range, consistent planning by knowing the minimum amount of funding that they will receive each year. He mentioned that teacher salary policy is a huge problem for our state, and that it needs to be addressed. He also strongly urged the committee to find a way to get the per student allocation up to \$4,805 from whatever revenue sources they could find. Even though he believes categorical aid is important, he stressed that raising the base was the priority, rather than putting money toward extras.

Rob Monson, Executive Director of the School Administrators of South Dakota, said that we need to admit that there is a problem. He noted that whether we call it a crossroads or a crisis, the fact of the matter is that schools need more funding, and it is important to make people aware that there is a crisis going on in education.

Further Committee Discussion

With regard to questions concerning how much money it would cost to increase funding for education, Annie Mehlhaff provided information (**Document #4**) that showed the state aid to general education calculation and a chart showing the state aid to general education funding history. She stated that it would cost between six and seven million dollars to raise the percentage by one percent if the fall enrollment remained constant and the property values also remained constant.

Committee Action

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE HAJEK, THAT A RESOLUTION BE PROPOSED TO ENCOURAGE SCHOOL DISTRICTS TO OFFER MORE PRESCHOOL OPPORTUNITIES. The motion failed on a roll call vote with 6 voting YEA, 8 voting NAY, 1 EXCUSED. Those voting YEA: Hunhoff, Sutton, Dryden, Hajek, Tidemann, and Sly. Those voting NAY: Novstrup, Van Gerpen, Welke, Duvall, Don Hagggar, Jenna Hagggar, Tyler, and Verchio. Those EXCUSED: Bradford.

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE HAJEK, THAT A RESOLUTION BE PROPOSED TO ENCOURAGE SCHOOLS TO BUILD ON THEIR STRENGTHS AND TO COLLABORATE AND COOPERATE BY SHARING PROGRAMS, TEACHERS, ADMINISTRATORS, AND COUNSELORS TO HELP MEET THE NEEDS OF THEIR COMMUNITIES. The motion passed on a roll call vote with 12 voting YEA, 2 voting NAY, 1 EXCUSED. Those voting YEA: Hunhoff, Van Gerpen, Welke, Dryden, Duvall, Don Hagggar, Jenna Hagggar, Hajek, Tyler, Verchio, Tidemann, and Sly. Those voting NAY: Novstrup and Sutton. Those EXCUSED: Bradford.

SENATOR WELKE MOVED, SECONDED BY SENATOR TIDEMANN, THAT A BILL BE PROPOSED TO INCREASE THE NUMBER OF SCHOOL DAYS BY TWO DAYS EACH YEAR FOR A TOTAL OF TEN DAYS OVER FIVE YEARS WITH INCREASED, PROPORTIONATE FUNDING. The motion passed on a roll call vote with 10 voting YEA, 4 voting NAY, 1 EXCUSED. Those voting YEA: Hunhoff, Sutton, Welke, Dryden, Duvall, Don Hagggar, Hajek, Tyler, Tidemann, and Sly. Those voting NAY: Novstrup, Van Gerpen, Jenna Hagggar, and Verchio. Those EXCUSED: Bradford.

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE DRYDEN, THAT A BILL BE PROPOSED TO ESTABLISH A MINIMUM ANNUAL FUNDING INCREASE OF TWO PERCENT FOR THE STATE AID TO EDUCATION FORMULA.

REPRESENTATIVE TYLER MOVED, SECONDED BY SENATOR SUTTON, A SUBSTITUTE MOTION THAT A BILL BE PROPOSED TO CHANGE THE DEFINITION OF THE INDEX FACTOR IN THE STATE AID FORMULA TO GIVE AN ANNUAL MINIMUM FUNDING AMOUNT OF THREE PERCENT OR THE RATE OF INFLATION, WHICHEVER IS GREATER, UP TO A MAXIMUM OF FIVE PERCENT. The motion failed on a roll call vote with 4 voting YEA, 10 voting NAY, 1 EXCUSED. Those voting YEA: Sutton, Welke, Hajek, and Tyler. Those voting NAY: Hunhoff, Novstrup, Van Gerpen, Dryden, Duvall, Don Hagggar, Jenna Hagggar, Verchio, Tidemann, and Sly. Those EXCUSED: Bradford.

The original motion passed on a roll call vote with 13 voting YEA, 1 voting NAY, 1 EXCUSED. Those voting YEA: Hunhoff, Sutton, Van Gerpen, Welke, Dryden, Duvall, Don Hagggar, Jenna Hagggar, Hajek, Tyler, Verchio, Tidemann, and Sly. Those voting NAY: Novstrup. Those EXCUSED: Bradford.

SENATOR VAN GERPEN MOVED, SECONDED BY SENATOR WELKE, THAT A BILL BE PROPOSED TO RAISE THE PER STUDENT ALLOCATION BY 3.8 PERCENT TO \$4,805. The motion failed on a roll call vote with 7 voting YEA, 7 voting NAY, 1 EXCUSED. Those voting YEA: Sutton, Van Gerpen, Welke, Hajek, Tyler, Verchio, and Sly. Those

voting NAY: Hunhoff, Novstrup, Dryden, Duvall, Don Hagggar, Jenna Hagggar, and Tidemann. Those EXCUSED: Bradford.

REPRESENTATIVE TYLER MOVED, SECONDED BY SENATOR SUTTON, THAT THE PREVIOUS MOTION BE RECONSIDERED. It was decided that it would be acted on toward the end of the meeting.

REPRESENTATIVE TYLER MOVED, SECONDED BY SENATOR SUTTON, THAT A BILL BE PROPOSED TO CREATE A TASK FORCE TO STUDY EDUCATION FUNDING. The motion failed on a roll call vote with 5 voting YEA, 9 voting NAY, 1 EXCUSED. Those voting YEA: Novstrup, Sutton, Van Gerpen, Welke, and Tyler. Those voting NAY: Hunhoff, Dryden, Duvall, Don Hagggar, Jenna Hagggar, Hajek, Verchio, Tidemann, and Sly. Those EXCUSED: Bradford.

SENATOR HUNHOFF MOVED, SECONDED BY SENATOR TIDEMANN, THAT A BILL BE PROPOSED TO ESTABLISH A FUND TO PROVIDE MATCHING FUNDS FOR EVIDENCE-BASED PROGRAMS.

SENATOR WELKE MOVED, SECONDED BY SENATOR SUTTON, TO AMEND THE PREVIOUS MOTION TO INCLUDE THE STIPULATION THAT MONEY WOULD ONLY BE MADE AVAILABLE IF THE STATE AID FORMULA WAS FULLY FUNDED. That motion failed on a voice vote.

The original motion failed on a roll call vote with 7 voting YEA, 7 voting NAY, 1 EXCUSED. Those voting YEA: Hunhoff, Dryden, Duvall, Jenna Hagggar, Hajek, Tidemann, and Sly. Those voting NAY: Novstrup, Sutton, Van Gerpen, Welke, Don Hagggar, Tyler, and Verchio. Those EXCUSED: Bradford.

SENATOR TIDEMANN MOVED, SECONDED BY SENATOR WELKE, THAT A RESOLUTION BE PROPOSED TO RECOGNIZE THE DIFFICULTY THAT SCHOOLS ARE FACING WITH TEACHER RETENTION AND NEW HIRES AND TO ENCOURAGE THE USE OF THE FUNDING FORMULA TO RAISE TEACHER PAY AND TO CONSIDER TEACHER TUITION ASSISTANCE PROGRAMS.

REPRESENTATIVE JENNA HAGGAR MOVED, SECONDED BY REPRESENTATIVE VERCHIO, A SUBSTITUTE MOTION THAT A RESOLUTION BE PROPOSED TO ENCOURAGE THE USE OF THE FUNDING FORMULA TO RAISE TEACHER PAY AND TO CONSIDER TEACHER TUITION ASSISTANCE PROGRAMS. The motion failed on a roll call vote with 7 voting YEA, 7 voting NAY, 1 EXCUSED. Those voting YEA: Hunhoff, Van Gerpen, Dryden, Duvall, Don Hagggar, Jenna Hagggar, and Verchio. Those voting NAY: Novstrup, Sutton, Welke, Hajek, Tyler, Tidemann, and Sly. Those EXCUSED: Bradford.

The original motion passed on a roll call vote with 10 voting YEA, 4 voting NAY, 1 EXCUSED. Those voting YEA: Hunhoff, Sutton, Van Gerpen, Welke, Dryden, Duvall, Hajek, Tyler, Tidemann, and Sly. Those voting NAY: Novstrup, Don Hagggar, Jenna Hagggar, and Verchio. Those EXCUSED: Bradford.

SENATOR HUNHOFF MOVED, SECONDED BY REPRESENTATIVE HAJEK, THAT A RECOMMENDATION BE MADE THAT THE STATE CONTINUE TO PROVIDE FUNDING AND TECHNICAL EXPERTISE TO MAINTAIN AND IMPROVE THE USE OF TECHNOLOGY IN SCHOOL DISTRICTS; TO ASSESS THE TECHNOLOGY INFRASTRUCTURES IN PLACE IN SCHOOL DISTRICTS TO MAKE SURE SCHOOLS ARE KEEPING UP WITH TECHNOLOGICAL ADVANCEMENTS; AND TO ENCOURAGE SCHOOL DISTRICT COLLABORATION WITH REGARD TO THE USE OF TECHNOLOGY. The motion passed on a roll call vote with 13 voting YEA, 1 voting NAY, 1 EXCUSED. Those voting YEA: Hunhoff, Sutton, Van Gerpen, Welke, Dryden, Duvall, Don Hagggar, Jenna Hagggar, Hajek, Tyler, Verchio, Tidemann, and Sly. Those voting NAY: Novstrup. Those EXCUSED: Bradford.

REPRESENTATIVE HAJEK MOVED, SECONDED BY SENATOR TIDEMANN, THAT A BILL BE PROPOSED TO PROVIDE FUNDS TO ADD PROFESSIONAL DEVELOPMENT DAYS TO THE SCHOOL CALENDAR IN ORDER TO TRAIN TEACHERS IN THE USE OF TECHNOLOGY. The motion passed on a roll call vote with 9 voting YEA, 5 voting NAY, 1 EXCUSED. Those voting YEA: Hunhoff, Novstrup, Dryden, Duvall, Don Hagggar, Jenna Hagggar, Hajek, Tidemann, and Sly. Those voting NAY: Sutton, Van Gerpen, Welke, Tyler, and Verchio. Those EXCUSED: Bradford.

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTAIVE VERCHIO, THAT A RECOMMENDATION BE MADE TO ESTABLISH REGIONAL HIGH SCHOOL CAREER AND TECHNICAL EDUCATION CENTERS THROUGHOUT THE STATE; TO ESTABLISH ARTICULATION AGREEMENTS SO THAT HIGH SCHOOL STUDENTS TAKING CAREER AND TECHNICAL EDUCATION CLASSES MAY EARN CREDIT FOR THEM AT THE POSTSECONDARY TECHNICAL INSTITUTES; AND TO PROVIDE A TEST SPECIFICALLY FOR STUDENTS ENTERING POSTSECONDARY TECHNICAL INSTITUTES. The motion passed on a roll call vote with 14 voting YEA, 0 voting NAY, 1 EXCUSED. Those voting YEA: Hunhoff, Novstrup, Sutton, Van Gerpen, Welke, Dryden, Duvall, Don Hagggar, Jenna Hagggar, Hajek, Tyler, Verchio, Tidemann, and Sly. Those EXCUSED: Bradford.

REPRESENTATIVE DRYDEN MOVED, SECONDED BY REPRESENTATIVE DUVALL, THAT A RECOMMENDATION BE MADE TO SCHOOL DISTRICTS THAT THEY DEVELOP A PLAN TO REDUCE THEIR RELIANCE UPON CAPITAL OUTLAY FUNDS FOR GENERAL FUND EXPENDITURES. The motion passed on a roll call vote with 11 voting YEA, 3 voting NAY, 1 EXCUSED. Those voting YEA: Hunhoff, Van Gerpen, Dryden, Duvall, Don Hagggar, Jenna Hagggar, Hajek, Tyler, Verchio, Tidemann, and Sly. Those voting NAY: Novstrup, Sutton, and Welke. Those EXCUSED: Bradford.

REPRESENTATIVE DRYDEN MOVED, SECONDED BY SENATOR TIDEMANN, THAT A BILL BE PROPOSED TO AMEND CURRENT LAW TO GRADUALLY REDUCE THE PERCENTAGE OF REVENUE IN THE CAPITAL OUTLAY FUND THAT A SCHOOL DISTRICT MAY USE FOR GENERAL FUND EXPENDITURES. The motion passed on a roll call vote with 9 voting YEA, 5 voting NAY, 1 EXCUSED. Those voting YEA: Hunhoff, Dryden, Duvall, Don Hagggar, Jenna Hagggar, Hajek, Verchio, Tidemann, and Sly. Those

voting NAY: Novstrup, Sutton, Van Gerpen, Welke, and Tyler. Those EXCUSED: Bradford.

REPRESENTATIVE TYLER MOVED, SECONDED BY SENATOR SUTTON, TO RECONSIDER THE PREVIOUS MOTION THAT A BILL BE PROPOSED TO RAISE THE PER STUDENT ALLOCATION BY 3.8 PERCENT TO \$4,805. The motion passed on a roll call vote with 8 voting YEA, 7 voting NAY, 0 EXCUSED. Those voting YEA: Bradford, Sutton, Van Gerpen, Welke, Hajek, Tyler, Verchio, and Sly. Those voting NAY: Hunhoff, Novstrup, Dryden, Duvall, Don Haggar, Jenna Haggar, and Tidemann.

SENATOR TYLER MOVED, SECONDED BY SENATOR SUTTON, THAT A BILL BE PROPOSED TO RAISE THE PER STUDENT ALLOCATION BY 3.8 PERCENT TO \$4,805. The motion passed on a roll call vote with 8 voting YEA, 7 voting NAY, 0 EXCUSED. Those voting YEA: Bradford, Sutton, Van Gerpen, Welke, Hajek, Tyler, Verchio, and Sly. Those voting NAY: Hunhoff, Novstrup, Dryden, Duvall, Don Haggar, Jenna Haggar, and Tidemann.

Staff Directives

Clare Charlson will work with Chair Sly on the details of the proposed bills, resolutions, and recommendations and a packet including all of the committee's proposals will be sent to the full committee membership once they are complete.

Adjourn

REPRESENTATIVE HAJEK MOVED, SECONDED BY REPRESENTATIVE TYLER TO ADJOURN. The motion prevailed unanimously on a voice vote.

The committee adjourned at 5:23 p.m.



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